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DIVISION OF CONSUMER ADVOCACY  
Department of Commerce and  
Consumer Affairs  
335 Merchant Street, Room 326  
Honolulu, Hawaii 96813  
Telephone: (808) 586-2800

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

PUBLIC UTILITIES  
COMMISSION

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In the Matter of the Application of )  
)  
MAUI ELECTRIC COMPANY, LIMITED )  
)  
)  
For Approval of Rate Increases and Revised )  
Rate Schedules. )

DOCKET NO. 2006-0387

**DIVISION OF CONSUMER ADVOCACY'S**  
**FIFTH SUBMISSION OF INFORMATION REQUESTS**

Pursuant to the Revised Procedural Schedule approved in Order No. 23496, as amended by Commission letter dated August 24, 2007 for the instant proceeding, the Division of Consumer Advocacy submits its **FIFTH SUBMISSION OF INFORMATION REQUESTS** in the above docketed matter.

DATED: Honolulu, Hawaii, September 5, 2007.

Respectfully submitted,

By Cheryl S. Kikuta  
CHERYL S. KIKUTA  
Utilities Administrator  
DIVISION OF CONSUMER ADVOCACY

**DOCKET NO. 2006-0387**

**MAUI ELECTRIC COMPANY, LIMITED**

**FIFTH SUBMISSION OF INFORMATION REQUESTS**

**INSTRUCTIONS**

In order to expedite and facilitate the Consumer Advocate's review and analysis in the above matter, the following is requested:

1. For each response, the Company should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, the Company should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by the Company to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, Company instructions, or any other relevant authoritative source which the Company used.
4. Should the Company claim that any information is not discoverable for any reason:
  - a. State all claimed privileges and objections to disclosure;

- b. State all facts and reasons supporting each claimed privilege and objection;
- c. State under what conditions the Company is willing to permit disclosure to the Consumer Advocate (e.g., protective agreement, review at business offices, etc.); and
- d. If the Company claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that the Company claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

**DOCKET NO. 2006-0387**

**MAUI ELECTRIC COMPANY, LIMITED**

**FIFTH SUBMISSION OF INFORMATION REQUESTS**

**General Information Requests.**

CA-IR-304

**Ref: June 2007 Update (All Witnesses).**

During the first two weeks of July 2007, MECO provided a series of revisions to the Company's original filing generally characterized as the June 2007 Update. Please provide the following information:

- a. Has the Company updated the various schedules comprising rate base, operating income and revenue requirement to incorporate the June 2007 Update as well as any subsequent revisions? Please explain.
- b. If the response to part (a) above is affirmative, please provide the revised rate base, operating income and revenue requirement schedules in both hard copy and spreadsheet file format.
- c. If the response to part (a) above is negative, please revise MECO's original rate base, operating income and revenue requirement schedules to incorporate the June 2007 Updates and provide such schedules in both hard copy and spreadsheet file format.

CA-IR-305

**Ref: HECO Response to CA-IR-320 in Docket No. 2006-0386, Confidential Attachments 1, 2 and 3 (Test Year versus Operating Budget and Variances).**

Please provide the following information:

- a. A MECO equivalent to the response to CA-IR-320, Attachment 1 that was provided by HECO in Docket No. 2006-0386 to reconcile differences between the Company's rate case versus internal O&M budget for 2007.
- b. A MECO equivalent to response to CA-IR-320, Attachment 2 that was provided by HECO in Docket No. 2006-0386 to summarize year-to-date actual versus budget variances relative to the internal O&M budget for 2007 (Provide latest available year to date report for MECO).
- c. A MECO equivalent to the response to CA-IR-320, Attachment 3 that was provided by HECO in Docket No. 2006-0386 to explain year-to-date actual versus budget variances (Provide latest available year to date report for MECO).

CA-IR-306

**Ref: Maui Electric Limited Advisory Board (Meeting Minutes).**

Please provide the following information:

- a. Copies of all minutes associated with meetings of the MECO Limited Advisory Board during 2006 and 2007, to-date.

- b. Copies of presentations, reports and other documents prepared for use of the MECO Limited Advisory Board in connection with its meetings held during 2006 and 2007, to-date.

CA-IR-307

**Ref: MECO Requests for Conservation of Electricity.**

Please provide the following:

- a. State and describe whether MECO has issued public statements seeking conservation of energy by the public as a result of resource constraints at any times in 2006 or 2007, to-date.
- b. Provide the dates and circumstances associated with any affirmative answer provided to part (a) of this information request.
- c. To the extent possible, provide an estimate of the energy sales that did not occur as a result of public response to MECO requests for conservation of energy.

CA-IR-308

**Ref: MECO Bank Fees.**

Please provide the following:

- a. Provide an itemization of test year bank transaction fees that are included in the Company's filing, with references into the

Exhibits, Workpapers and CA-IR-2 response documents where such amounts are documented.

- b. Provide comparable actual monthly bank fees paid by MECO to-date in 2007 and explain any significant differences between projected versus actual bank fees paid.

**Witness T-2 Ms. Ide.**

CA-IR-309

**Ref: Response to CA-IR-47 (Forecast Accuracy).**

Please provide the following:

- a. Update the narrative general trend discussion explaining actual versus forecast sales and customer levels for 2007, year-to-date.
- b. Update the information provided in Attachments 1 and 2 for KWH sales and customer data through August 2007.
- c. Explain any updates or revisions that are believed to be appropriate for the test year sales and revenue forecasts.
- d. Provide calculations supporting revenue adjustments associated with your response to part (c) of this information request.

CA-IR-310

**Ref: MECO Response to CA-IR-42 (Updated Sales Forecast).**

Please provide the following:

- a. Complete copies of detailed updated forecast documentation resulting from the annual forecasting process that was expected to be completed "In July."
- b. Updated Attachments 1, 2, 3 and 4 for the latest available periods in 2007.



**Witness T-3 Mr. Young.**

CA-IR-311

**Ref: MECO-WP-302, 303, and 304 (Schedule E).**

Please provide the following:

- a. Calculations supporting the Schedule E revenue impacts at proposed rates for each Division.
- b. Explain and provide the calculations showing how the Schedule E revenue impacts (part (a) of this information request) were allocated among rate schedules under proposed rates.

CA-IR-312

**Ref: MECO-305 (Firm Capacity Surcharge).**

Please provide the following:

- a. Describe which rate elements are included in the "Base Electric Revenues @ Present Rates" totaling \$163,949.
- b. Provide a calculation of the "Base Electric Revenues" showing the summation of rate elements by rate schedule for the test year.

**Witness T-4 Mr. Sakuda.**

CA-IR-313

**Ref: MECO-T-4.**

- a. Does the Company plan to update the MECO production simulation model during this proceeding?
- b. If so, please describe the information that will be updated and provide a copy of the information and update in response to this information request.

CA-IR-314

**Ref: MECO-1908, MECO-1909, MECO-1910, MECO-1911 and MECO-1912.**

Please provide copies of the supporting documentation for the Loss Factor found on the following:

- a. MECO-1908, page 2, line 30 and page 3, line 63;
- b. MECO-1909, page 1, line 30;
- c. MECO-1910, page 1, line 30 and page 2, line 49;
- d. MECO-1911, page 1, line 30; and
- e. MECO-1912, page 1, line 30 and page 2, line 49.

CA-IR-315

**Ref: MECO-1908, MECO-1909, MECO-1910, MECO-1911 and MECO-1912.**

Please provide copies of the supporting documentation for the Revenue Tax Req Multiplier found on the following:

- a. MECO-1908, page 2, line 21 and Line 31 and page 3, line 64;

- b. MECO-1909, page 1, line 15 and Line 31;
- c. MECO-1910, page 1, line 21 and line 31 and page 2, line 50;
- d. MECO-1911, page 1, line 15 and line 31; and
- e. MECO-1912, page 1, line 21, line 31 and page 2, line 50.

**Witness T-5 Mr. Ribao.**

CA-IR-316

**Ref: MECO WP-505, page 1; MECO Response to CA-IR-2, Attachments 158 and 160 (Mitsubishi Overhaul Parts/Services).**

Please provide the following:

- a. Explain and reconcile the values shown in the response to CA-IR-2, Attachments 158 and 160 workpapers into the M12 and M13 overhaul costs in the 2007 budget of \$640,754 and \$334,920 (at WP-505, page 1), respectively.
- b. Explain why it is more reasonable to use the 'Historical Overhaul Costs' at column D of WP-505, rather than current cost estimates for overhauls as set forth in your response to part (a) of this information request for the Mitsubishi units.

CA-IR-317

**Ref: MECO T-5 June Update, Attachment 1 (Competitive Bidding Expenses).**

Please provide the following:

- a. Copies of the detailed workpapers supporting all HECO estimated Competitive Bidding Cost increases, with detailed calculations supporting MECO allocations of same.
- b. Explain why MECO (unlike HECO at \$175,000) appears to have forecasted no charges for this work in its 2007 non-labor expense budget.

- c. Provide monthly details of actual spending by contractor to date in 2007, as well as an update of contractually committed spending through the balance of the year.
- d. Explain why MECO-WP-510, page 1 (Updated April 2007) explains higher costs in 2007 at lines 1 and 5 as due in part to more labor hours and support from HECO due to "more Integrated Resource Planning ("IRP") work and competitive bidding work", given your responses to parts (a) through (c) of this information request.
- e. Copies of documents associated with your responses to parts (c) and (d) of this information request.

CA-IR-318

**Ref: MECO Responses to CA-IR-222, Exhibit 1 and Exhibit 3; CA-IR-283, Attachment 1 (Maalaea Maintenance Hours).**

*Please provide the following information for Test Year 2007:*

- a. Information needed to reconcile the 40,944 of "Total Overhaul Labor Hours" provided in response to CA-IR-222, Exhibit 1 to the "Overhaul" hours by RA shown in the response to CA-IR-283, Attachment 1.
- b. Information needed to reconcile the 48,279 of "Other Maintenance Labor Hours" provided in response to CA-IR-222, Exhibit 1 to the "General Maintenance" hours by RA shown in the response to CA-IR-283, Attachment 1.

- c. Explain with specificity what additional work would be performed in connection with the 23,925 hours not needed for Overhauls at Maalaea that would become available for other "General Maintenance" activities.
- d. Provide copies of all available studies, reports, analyses, workpaper and other documents illustrating a need for expanded labor hours for other "general" maintenance activities, including but not limited to backlog reports, deferred project lists, etc.
- e. Describe the process used to determine changing work requirements and the work to be done in connection with each of the positive entries that add labor hours to various corrective and preventative activity codes shown in the "Difference 2007 Budget & Illustrative Normalized Test Year 2007" column of the response to CA-IR-222, Exhibit 3.
- f. Provide complete copies of all studies, analyses, workpapers and other documents associated with your response to part (e) of this information request.

CA-IR-319

**Ref: MECO Response to CA-IR-101, Attachments 1 through 9 (Excel spreadsheets of Materials and Services Expenses).**

Please provide the following:

- a. Updated Attachments 1 through 9, substituting Jan-August 2007 actual data in place of the earlier Jan-April data.

- b. Identify and describe any known significantly unusual or non-recurring expenses in your response to part (a) of this information request that may cause such data to not be meaningful in comparison to the corresponding projected test year amounts.

CA-IR-320

**Ref: MECO Response to CA-IR-99 (Intercompany Charges from HECO).**

Please provide the following:

- a. Update page 2 with a column showing actual charges in year-to-date 2007 through August.
- b. Provide the explanatory information initially requested in part (c) of CA-IR-99 (assuming the work is now complete).

CA-IR-321

**Ref: MECO T-5, page 14, line 22 (Maintenance Needs).**

According to T-5, the 2007 Operating Budget was prepared through a process including, "Historical costs were reviewed for reasonableness and adjusted as required to meet specific needs expected in 2007." Please provide the following information:

- a. State and explain whether MECO maintains a prioritized list of power station maintenance projects.
- b. If your response to part (a) of this information request is affirmative, please provide a complete copy of the listings of projects that existed for Kahalui, Palaaau, Miki Basin and

Maalaea stations when the 2007 Operating Budget was prepared.

- c. Provide a listing the projects on the listings provided in your response to part (b) of this information request that were included in the 2007 Operating Budget, indicating the criteria that were employed to determine individual listed project inclusion versus exclusion.
- d. Provide the actual expenditures to-date in 2007 for each listed station maintenance project in your response to part (b) of this information request, indicating the amounts charged by activity code (for example 552, 552M, etc.).
- e. Explain the reasons for any individually significant station maintenance projects that have been deferred or added since the development of the 2007 Operating Budget and describe the reasons for such changes.
- f. Explain and quantify how the adjustment set forth in MECO-WP-504 for "structural maintenance" impacts the ratemaking level of overall station maintenance listed projects included in the operating budget.

CA-IR-322

**Ref: MECO Response to CA-IR-91, Attachments 1 to 16 (Production Budget Reporting/Tracking).**

Please provide the following information regarding MECO Production budget reporting and tracking procedures:



- a. Provide updated copies of the additional available monthly reports of production O&M budget variances to-date in 2007.
- b. Provide a narrative description of each individually significant 2007 actual to-date versus budgeted Production O&M variance and explain how the updated view of anticipated calendar 2007 O&M spending is expected to be impacted by such variance.
- c. Provide a narrative description of each individually significant 2007 actual to-date versus budget Production Department capital expenditure variance and explain how the updated view of anticipated calendar 2007 capital spending is expected to be impacted by such variance.

CA-IR-323

**Ref: MECO Use of Generating Unit Spare Components.**

Please provide the following information:

- a. Does MECO own any generating unit spare components to support its maintenance efforts?
- b. If your response to part (a) of this information request is affirmative, please list and describe each individually significant generating unit spare by NARUC account, indicating the approximate vintage and cost of same.

- c. What procedures are employed to use spare parts and how often is each unit listed in your response to part (b) actually utilized?
- d. Describe the accounting that occurs when spare parts are used and replaced as part of production maintenance activities.
- e. Are spare parts included in depreciation expense, and if so what is the test year amount of such depreciation?

CA-IR-324

**Ref: MECO Response to CA-IR-98, Attachment 1 (Labor Hours Capital vs. O&M).**

Please provide the following information:

- a. Explain the process and input data used to estimate the test year labor hours that would be chargeable to capital versus O&M activities.
- b. Provide complete copies of the information relied upon in preparing test year labor hour forecasts to determine amounts of time chargeable to capital projects.
- c. Explain all known reasons why test year capitalized labor hours are expected to be at lower than historical levels for MGA and MGT.
- d. Provide actual year-to-date O&M Capital and O&M hours by RA through August in the format of Attachment 1 and explain

any known unusual or non-recurring activities reflected in such data.

CA-IR-325

**Ref: MECO Response to CA-IR-98, Attachment 2 (ST and OT Labor Hours).**

Please provide the following:

- a. 2007 projected monthly "ST" hours by RA and "OT" hours by RA, in a format comparable to the information provided in Attachment 2.
- b. 2007 actual monthly "ST" and "OT" hours by RA, for all available months of 2007 to date, in a format comparable to the information provided in Attachment 2.
- c. Explain the reasons for each significant variance in year-to-date actual productive hours or overtime hours by RA, in relation to projected test year levels in your response to parts (a) and (b) of this information request.

CA-IR-326

**Ref: MECO Responses to CA-IR-217, Attachment 1; CA-IR-216, Confidential Attachment 1 (Lube Oil).**

Please provide the following:

- a. Explain the reasons for abnormally large gallons per hour consumption of lube oil for M11 in 2004 (12.2.gph) and M13 in 2003 (11.7 gph).

- b. Has Mitsubishi provided MECO with any guidelines regarding anticipated hourly lube oil consumption rates?
- c. If your response to part (b) of this information request is affirmative, please describe and provide complete copies of such documentation.
- d. Provide actual delivered invoice cost information supportive of the most recent actual lube oil prices paid for the Super RR EW40 and the Mobilgard ADL products.
- e. Using the current invoice cost data provided in your response to part (d) of this information request, please replicate the translation steps set forth in Confidential Attachment 1 of the response to CA-IR-216.

CA-IR-327

**Ref: MECO Response to CA-IR-104, CA-IR-215b (Emission Fees).**

Please provide the following:

- a. Confirm that the actual DoH fee will be \$57.14 per ton for 2007 fees payable in 2008.
- b. Provide a recalculation of annual fees, using test year normalized production dispatch levels and actual fees payable per ton.
- c. Confirm that HECO assumed a normalized ongoing level of emission fee waivers in its filing in Docket No. 2006-0386, in

determining expense amounts included in settlement of the 2007 test year.

- d. Explain all reasons why MECO would be less likely to receive fee waivers than HECO in the future.
- e. Provide complete copies of all documents associated with or supportive of your response to part (d) of this information request.

CA-IR-328

**Ref: MECO Responses to CA-IR-87, pages 3 to 5; CA-IR-226, Attachment 1 (Structural Maintenance).**

Please provide the following:

- a. An updated schedule for the response to CA-IR-226, Attachment 1 for Kahului, adding a column for actual spending on a year-to-date August 2007 basis, with explanations for each significant departure from projected spending levels for the test year.
- b. An updated Maalaea schedule for the response to CA-IR-87, adding a column for actual spending on a year-to-date August 2007 basis, with explanations for each significant departure from projected spending levels for the test year.
- c. An updated Palaaau schedule for the response to CA-IR-87, adding a column for actual spending on a year-to-date August 2007 basis, with explanations for each significant departure from projected spending levels for the test year

CA-IR-329

**Ref: MECO Response to CA-IR-82, Attachment 1 (Production O&M Comparative Data).**

Please provide the following:

- a. An updated Attachment 1 with columns added showing:
  1. Projected 2007 year-to-date August expense amounts.
  2. Comparable Actual 2007 year-to-date August expense amounts.
- b. Explain individually significant differences (variances) between parts (1) and (2) of your response to part (a) of this information request.

CA-IR-330

**Ref: MECO Responses to CA-IR-84, Attachment 1; CA-IR-279 (CT Major Overhaul Costs).**

Please provide the following:

- a. Detailed additional information supportive of the M16 major overhaul expense of \$2,532,060 that served as the basis for escalated costs used to estimate normalized overhaul costs for M16, M17 and M19 prospectively, including but not limited to:
  1. Monthly actual expenses incurred in 1999 and 2000 by expense element to overhaul M16.
  2. Complete copies of scope of work and cost information from the "missing 1999-2000 overhaul

report on M16" (response to CA-IR-279, part b) when it is found or replaced.

3. Calculations indicating how historical actual costs were escalated to determine the \$2,532,060 amount used in MECO-WP-505.
- b. Explain all reasons why/if the 1999-2000 overhaul work on M16 is believed to be more indicative of future normalized overhaul costs for M16, M17 and M19 than the 2005 updated actual costs incurred to overhaul M14 in 2005.
- c. Provide complete copies of all studies, reports, analyses, workpapers and other documents associated with your response to part (b) of this information request.
- d. For each combustion turbine (units 14, 16, 17 and 19), provide the cumulative runtime hours at December 31 of each year since commencing commercial operation and at the date of each:
  1. Major Overhaul;
  2. Hot Section Replacement; and
  3. LPT Repair or other major outage event.
- e. If your response to part (d) of this information indicates overhaul outages other than the 16,000 hour hot section and 50,000 hour major overhaul interval used in MECO-WP-505

to normalize overhaul activity, please explain the reasons for historical departures from these test year intervals.

CA-IR-331

**Ref: MECO Responses to CA-IR-103, Page 7; CA-IR-2, T-5, Attachment 111 (M16 CT Overhaul).**

Please provide the following:

- a. Service and materials to perform the M16 overhaul in 2007 are estimated at \$2,529,600. Please provide complete copies of all supporting studies, vendor bids, analyses, workpapers and other documents supportive of this value (if any exist).
- b. State and describe the estimated dates and scope of work associated with the 2007 M16 overhaul and explain steps taken by MECO to plan and manage this work.
- c. Provide copies of overhaul reports and other documents associated with your response to part (b) of this information request, including any updated cost estimates for same.
- d. If work has commenced on the M16 overhaul, provide actual monthly charges incurred to date and anticipated to completion in connection with this project.
- e. Provide copies of contracts, invoices and other documents supportive of your response to part (d) of this information request, as available.



- f. CA-IR-2, Attachment 111 states that this estimate is "based on cost of last M16 Major OH in 1999." Please explain all reasons why this work done eight years ago is believed to be indicative of work scope and cost today.
- g. Provide copies of all studies, reports, analyses, workpapers and other documents supportive of your response to part (f) of this information request.

CA-IR-332

**Ref: MECO Response to CA-IR-103, Page 8 (M17, M19 Hot Section Replacement).**

Please provide the following:

- a. Service and materials to perform the M17 and M19 Hot Section replacements in 2007 are estimated at \$842,000 each. Please provide complete copies of all supporting studies, vendor bids, analyses, workpapers and other documents supportive of this value.
- b. State and describe the estimated dates and scope of work associated with the 2007 M17 and M19 hot section replacements and explain steps taken by MECO to plan and manage this work.
- c. Provide copies of overhaul reports and other documents associated with your response to part (b) of this information request, including any updated cost estimates for same.

- d. If work has commenced on the M17 or the M19 hot section replacement projects, provide actual monthly charges incurred to date and anticipated to completion in connection with each project.
- e. Provide copies of contracts, invoices and other documents supportive of your response to part (d) of this information request, as available.

CA-IR-333

**Ref: MECO Response to CA-IR-103, Page 6 (M14 Generator Cleaning & Inspection).**

Please provide the following:

- a. Service and materials to perform the M14 Generator Cleaning/Inspection in 2007 are estimated at \$161,615. Please provide complete copies of all supporting studies, vendor bids, analyses, workpapers and other documents supportive of this value.
- b. State and describe the estimated dates and scope of work associated with this 2007 M14 generator work and explain steps taken by MECO to plan and manage this work.
- c. Provide copies of outage reports and other documents associated with your response to part (b) of this information request, including any updated cost estimates for same.
- d. If work has commenced on the M14 generator inspection/cleaning project, provide actual monthly charges

incurred to date and anticipated to completion in connection with each project.

- e. Explain and reconcile the costs for this work to the budgeted periodic overhaul work considered in MECO-WP-505.
- f. Provide copies of contracts, invoices and other documents supportive of your response to part (d) of this information request, as available.

CA-IR-334

**Ref: MECO Response to CA-IR-103, Page 6 (M15 Steam Turbine Overhaul).**

Please provide the following:

- a. Service and materials to perform the M15 Steam Turbine Overhaul in 2007 are estimated at \$420,002. Please provide complete copies of all supporting studies, vendor bids, analyses, workpapers and other documents supportive of this value.
- b. State and describe the estimated dates and scope of work associated with this 2007 M15 turbine work and explain steps taken by MECO to plan and manage this work.
- c. Provide copies of outage reports and other documents associated with your response to part (b) of this information request, including any updated cost estimates for same.

- d. If work has commenced on the M15 turbine overhaul project, provide actual monthly charges incurred to-date and anticipated to completion in connection with each project.
- e. Explain and reconcile the costs for this work to the budgeted periodic turbine overhaul work considered in MECO-WP-505 at \$71,550 every 52,560 hours.
- f. Provide copies of contracts, invoices and other documents supportive of your response to part (d) of this information request, as available.

**Witness T-6 Mr. Herrera.**

CA-IR-335

**Ref: MECO response to CA-IR-126 (T&D Overtime).**

Attachment 2 provides Non-Overtime hours and dollars for 2004-2006 (actual) and 2007 (forecast). The non-overtime dollars were used as the denominator in calculating the % overtime in the response to CA-IR-125, which revised MECO-624. Please provide the following:

- a. Please define and describe the term "non-overtime" as used in the context of the labor hours and labor dollars provided on Attachment 2.
- b. Referring to part (a) above, is the reference to "non-overtime" limited to straight time pay or does it also include other categories of employee compensation? Please explain.

CA-IR-336

**Ref: MECO response to CA-IR-126 (T&D Overtime).**

Attachment 1 of the response to CA-IR-126 provides "overtime" hours and dollars for each island (Maui only, Molokai and Lanai), as well as a total MECO. However, Attachment 2 only provides "non-overtime" hour and dollars on a total MECO basis. Please provide the following:

- a. Please provide a breakdown of the "non-overtime" hours and dollars on Attachment 2 for each island, similar to the information provided in Attachment 1.
- b. Please confirm that the various tables conveying "overtime" hours and dollars on Attachment 1 were mislabeled, as all being "Lanai." Instead, the tables should have been labeled in the following order: MECO, Maui only, Molokai and Lanai. If this cannot be confirmed, please explain.

CA-IR-337

**Ref: MECO response to CA-IR-135 (T&D Staffing & Outside Services).**

Part b. of CA-IR-135 sought contract services costs charged to T&D O&M expense, segregated between vegetation management and other contract services. In response, MECO provided Attachment 1, which excluded the steel pole repair project (\$150,000) and vegetation management (ref. CA-IR-114). Page 8 of Attachment 1 provides input values on the "Totals" line, which were presumed to represent the total amounts for the preceding rows of outside services data. Please provide the following:

- a. Please confirm that the following table accurately depicts the input values inserted on the "Totals" line, as well as the actual sum of the rows of data set forth in the spreadsheet file supporting Attachment 1. If this cannot be confirmed, please explain.

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
	<u>Budget</u>	<u>Actuals</u>					
Totals	\$947,632	\$1,239,397	\$1,158,062	\$1,643,168	\$1,685,228	\$1,485,951	\$1,132,931
Sum	\$1,023,432	\$720,972	\$518,696	\$813,140	\$973,123	\$722,805	\$436,444

- b. Referring to part (a) above, please explain which set of "totals" accurately depict the non-vegetation contract services charged to T&D O&M accounts (i.e., the input "Totals" or the actual "Sum"). If none of the amounts are correct, please explain.
- c. Please revise and correct the information provided in Attachment 1 of the response to CA-IR-135 to correctly present the requested data, if necessary.

**Ref: MECO T-6, MECO-WP-622 & CA-IR-30 (T&D Outside Services).**

The information contained in the following table was extracted from

MECO's response to CA-IR-30:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 FCST</u>
MECO -- Vegetation A/C 571	\$ 44,013	\$ 25,722	\$ 59,665	\$ 81,000
MECO -- Vegetation A/C 593	831,803	654,650	535,436	814,440
Total MECO Vegetation	875,816	680,371	595,102	895,440
MECO -- Outside Services Other	772,017	493,737	662,381	1,176,015
Total MECO Outside Services	<u>\$1,647,832</u>	<u>\$1,174,109</u>	<u>\$1,257,482</u>	<u>\$2,071,455</u>
Maui -- Vegetation A/C 571	\$ 44,013	\$ 25,722	\$ 59,665	\$ 81,000
Maui -- Vegetation A/C 593	705,436	508,634	456,761	660,000
Total Maui Vegetation	749,450	534,356	516,426	741,000
Maui -- Outside Services Other	639,547	393,519	613,839	1,106,740
Total Maui Outside Services	<u>\$1,388,997</u>	<u>\$ 927,875</u>	<u>\$1,130,266</u>	<u>\$1,847,740</u>
Molokai -- Vegetation A/C 571	\$ -	\$ -	\$ -	\$ -
Molokai -- Vegetation A/C 593	84,110	130,770	61,077	125,840
Total Molokai Vegetation	84,110	130,770	61,077	125,840
Molokai -- Outside Services Other	82,945	38,992	42,054	51,560
Total Molokai Outside Services	<u>\$ 167,055</u>	<u>\$ 169,762</u>	<u>\$ 103,131</u>	<u>\$ 177,400</u>
Lanai -- Vegetation A/C 571	\$ -	\$ -	\$ -	\$ -
Lanai -- Vegetation A/C 593	42,256	15,245	17,598	28,600
Total Lanai Vegetation	42,256	15,245	17,598	28,600
Lanai -- Outside Services Other	49,525	61,227	6,487	17,715
Total Lanai Outside Services	<u>\$ 91,781</u>	<u>\$ 76,472</u>	<u>\$ 24,086</u>	<u>\$ 46,315</u>

Please provide the following:

- a. Please confirm that the above table accurately portrays MECO's historical and 2007 test year forecast for outside services, excluding the 2007 abandoned project adjustment. If this cannot be confirmed, please correct the information contained therein and explain the basis for each change.
- b. Referring to the above table, the total MECO "outside services other" category in the 2007 test year forecast is



almost \$1.2 million – significantly higher than historical years 2004-2006. Please identify, describe and quantify the primary factors and related outside services amounts that comprise this increase in the test year forecast.

- c. Please provide a detailed explanation of the significant increase in the total MECO "outside services other" for the forecast test year in light of MECO's proposed increase in T&D employees (Dec-06 actual count of 96 T&D and 29 Engineering employees vs. TY forecast of 111 T&D and 31 Engineering employees).
- d. Referring to part (b) above, please indicate whether each identified item is a nonrecurring event or an annually recurring transaction.
- e. Referring to the above table, please provide comparable actual monthly amounts charged to T&D O&M expense during the period January through August 2007.

CA-IR-339

**Ref: MECO-WP-622 and responses to CA-IR-30 & CA-IR-135 (T&D Staffing & Outside Services).**

Please provide the following:

- a. In general terms, does the historical cost data on outside services include or exclude amounts incurred for temporary agency or contract labor hires to perform work associated

with vacant or unfilled permanent employment positions?

Please explain.

- b. If the response to part (a) above indicates that the outside services costs exclude temporary agency or contract labor hires to perform work associated with vacant or unfilled permanent employment positions, please provide the amounts incurred for such services charged to T&D O&M accounts, as follows:

1. Actual amounts charged to T&D O&M expense in calendar years 2001 through 2006.
2. Actual monthly amounts charged to T&D O&M expense during the period January through August 2007.
3. Comparable amounts included in the Company's 2007 test year forecast.

CA-IR-340

**Ref: MECO responses to CA-IR-1, CA-IR-124 & CA-IR-236 (T&D Labor).**

In response to CA-IR-124, Attachment 1 shows 37,584 straight time and 7,436 overtime hours for Engineering RA: MWP, including merit and bargaining unit positions. Please provide the following:

- a. Referring to MECO's response to CA-IR-1 (Attachment 7A, pages 2 through 4), the total hours for RA: MWP are 33,565, including 6,421 overtime hours (i.e., labor classes WPDENR,

WPDPNR & WPJPNR). Please explain why these hours do not tie to the information provided in Attachment 1 of CA-IR-124.

- b. Referring to part (a) above, please confirm that the only merit labor class set forth on the referenced pages of Attachment 7A is WPDENR. If this cannot be confirmed, please explain.
- c. Should Attachment 1 of CA-IR-124 be revised? Please explain.

CA-IR-341

**Ref: MECO responses to CA-IR-124 & CA-IR-236 (T&D Labor).**

In response to part (a) of CA-IR-236, the Company explained that the significant increase in Engineering overtime hours in the 2007 test year forecast was due, in part, to uncompensated merit overtime. After identifying various revisions for comparison with overtime hours for prior years, MECO noted that the bargaining unit positions comprising RA: MWP included a forecasted 82% increase in overtime hours from 2006 to 2007 (e.g., 2,871 hours in 2006 vs. 5,234 hours in 2007), citing to increased labor needs for increasing project complexity. Please provide the following:

- a. It is unclear how MECO determined that the 2007 test year forecast should include an 82% increase in MWP BU overtime due to increased project complexity. Please

explain how the need for such a marked increase in MWP BU overtime hours was determined.

b. Referring to part (a) above, please provide a pinpoint reference to the pages of MECO's response to CA-IR-2 that considers and quantifies additional MWP BU labor demands for:

1. Increases in the number of customer projects, system projects and/or blanket projects. If none, please so state.
2. Increased complexity of customer projects, system projects and/or blanket projects. If none, please so state.

c. Referring to the response to part (b) above, please provide a copy of any additional forecast workpapers or supporting documentation that quantifies the additional MWP BU labor demands resulting from increased number of projects and complexity of such projects causing the 82% overtime increase.

CA-IR-342

**Ref: MECO responses to CA-IR-1, CA-IR-124 & CA-IR-236 (T&D Labor).**

In response to CA-IR-124, Attachment 2 provides a comparative analysis of the O&M vs. Capital allocations based on labor hour

distributions by RA (T&D and Engineering only) for the 2007 budget and 2004 through 2006 actual. Please provide the following:

- a. Please identify and describe the source of the labor hours for the 2007 Budget.
- b. Referring to Attachment 2 of the response to CA-IR-124, are the total O&M and Capital hours intended to represent total productive hours, for all labor classes within an RA, that are not billable to third parties? Please explain.
- c. Referring to Attachment 2, are the O&M hours intended to represent the productive O&M hours, for all labor classes within an RA, that are charged to all O&M accounts? Please explain.
- d. In response to CA-IR-1, MECO T-6 provided various labor input sheets supporting the 2007 test year forecast for the T&D and Engineering RA's by labor class. Please provide the following:
  1. Should the total productive hours from the labor input sheets, for all labor classes in an RA, tie to the total of O&M and Capital hours for that RA on Attachment 2 of CA-IR-124? If not, please explain.
  2. Should the total O&M hours from the labor input sheets, for all labor classes in an RA, tie to the total

O&M hours for that RA on Attachment 2 of the response to CA-IR-124? If not, please explain.

- e. For the 2007 forecast, please provide a schedule reconciling by RA the O&M hours (and total O&M and Capital labor hours) from the labor input sheets supplied by MECO T-6 in response to CA-IR-1 to the O&M hours (and total O&M and Capital labor hours) set forth on Attachment 2 of the response to CA-IR-124.

CA-IR-343

**Ref: MECO response to CA-IR-284 (T&D Staffing).**

In partial response to part (a) of CA-IR-284, MECO stated that year-to-date June 2007 T&D overtime was 29,710 hours compared to June 2007 test year budget of 9,175 hours. Please provide the following actual T&D information by RA and by labor class, showing monthly activity for the period January-June 2007 and a total for that period:

- a. Total productive hours.
- b. Total nonproductive hours.
- c. Total overtime hours.

CA-IR-344

**Ref: MECO response to CA-IR-2 (T&D Non Labor Expense).**

Referring to Attachment 5, page 4, of the response to CA-IR-2, Item 147 is identified as Replacement Distribution

Tools/Equipment. The supporting documentation (Attachments 6B, page 2, and 6E, pages 51-53) indicate that the forecast amount of \$127,680 is "in line with trending and adjusted for full T&D staffing in 2007" and contain actual amounts for 2004 (\$137,587), 2005 (\$94,673) and 2006 (\$105,922), respectively. However, it does not appear that the Company's workpapers show how this data was used to derive the \$127,680 forecast amount. Please provide the following:

- a. Please provide any additional workpapers, including spreadsheet files, supporting the calculation of the \$127,680.
- b. Please describe and provide any inflation factors or trending techniques relied upon by MECO.
- c. Please describe and provide any T&D staffing counts relied upon by MECO.

CA-IR-345

**Ref: MECO response to CA-IR-2 (T&D Non Labor Expense).**

Referring to Attachment 5, page 4, of the response to CA-IR-2, Items 150, 151 and 152 are generally identified Distribution Tools, Supplies and Equipment. The supporting documentation (Attachment 6F, page 11) merely identify Items 150 (\$20,000) and 151 (\$12,000) as "Field purchase of Construction tool replacement" and Item 152 (\$2,400) as "outside repair of construction tools, testers." However, these items have no additional workpaper

references, nor any indication as to how these amounts were forecast. Please provide the following:

- a. Please provide copies of any additional workpapers, including spreadsheet files, supporting the calculation of the identified forecast amounts.
- b. Please describe and provide any historical data, inflation factors or trending techniques relied upon by MECO to derive the forecast amounts.

CA-IR-346

**Ref: MECO response to CA-IR-2 (T&D Non Labor Expense).**

Referring to Attachment 5, page 1, of the response to CA-IR-2, Item 5 is identified as Standard Vehicle Usage – Light. The supporting documentation (Attachment 8B, page 5) indicates that the forecast amount of \$30,316 is based on 1,984 operating hours for two vehicles at an hourly rate of \$7.64. Please provide the following:

- a. Please identify the make, model and year of these vehicles.
- b. Are these leased or MECO owned vehicles?
- c. How was the hourly rate of \$7.64 determined?
- d. Does this hourly rate represent repair and maintenance costs, operating costs or lease/ ownership cost responsibility apportionment? Please explain.
- e. Please describe MECO's accounting for such costs.



**Ref: MECO response to CA-IR-2 (T&D Non Labor Expense).**

Referring to Attachment 5 of the response to CA-IR-2, each of the items listed below refer to Attachment 6F for supporting documentation. However, the only information supplied for each item is the following statement: "approx avg based on prior actuals" or "avg of prior years actuals." For each of the following items, please provide copies of any additional workpapers, including spreadsheet files, supporting the calculation of the identified forecast amounts using any averaging or escalation techniques based on prior year data:

- a. Item 11, DC Comm Equipment Parts, \$3,000.
- b. Item 12, DC Instrument Parts, \$3,000.
- c. Item 22, DC MW Card Repairs, \$2,000.
- d. Item 26, DC MW Card Repairs, \$3,000.
- e. Item 28, DC Comm Parts, \$39,999.
- f. Item 29, DC Safety Supplies, \$1,800.
- g. Item 30, DC Telephone System Parts, \$3,000.
- h. Item 31, DC Comm Parts, \$999.
- i. Item 32, DC MW Parts, \$999.
- j. Item 88, Oil Disposal Services Maui, \$24,000.
- k. Item 89, Oil Disposal Services Maui, \$4,200.

CA-IR-348

**Ref: MECO response to CA-IR-2 (T&D Non Labor Expense).**

Referring to Attachment 5 of the response to CA-IR-2, each of the items listed below refer to Attachment 6F for supporting documentation. However, the only information supplied for each item is the following statement: "trending." For each of the following items, please provide copies of any additional workpapers, including spreadsheet files, supporting the calculation of the identified forecast amounts using any trending or escalation techniques based on prior year data:

- a. Item 44, Maint Transmission Equipment Corrective, \$18,000.
- b. Item 47, Maint Transmission SS Facilities, \$20,000.
- c. Item 63, Maint Dist Equipment Preventative, \$18,000.
- d. Item 64, Maint Dist Equipment Preventative, \$12,000.
- e. Item 65, 485 Main Dist SS Eq Prev-Gravel, \$12,000.
- f. Item 77, 488 Main Dist SS Structure, \$12,000.

CA-IR-349

**Ref: MECO response to CA-IR-2 (T&D Non Labor Outside Services).**

Referring to Attachment 5, page 4, of the response to CA-IR-2, Items 159 and 160 are identified as Transmission and Distribution Maps and Prints in the amount of \$24,000 each. The supporting documentation (Attachment 7B, pages 1 through 4) contain historical data from 2004 (Review and Edit MECO Strip Charts, \$15,575) and 2006 (Microfilm Engineering Records, \$15,000).

However, these items have no additional workpaper references, nor any indication as to how these amounts were forecast. Please provide the following:

- a. Please provide copies of any additional workpapers, including spreadsheet files, supporting the calculation of the identified forecast amounts.
- b. Please describe and provide any historical data, inflation factors or trending techniques relied upon by MECO to derive the forecast amounts.
- c. Please explain how about \$30 thousand spent over a three year period was translated into \$48 thousand of expense for the 2007 test year forecast.

CA-IR-350

**Ref: MECO response to CA-IR-2 (T&D Non Labor Outside Services).**

Referring to Attachment 5, page 2, of the response to CA-IR-2, Item 91 is identified as Oil Disposal Services Maui-O/S SS862 in the amount of \$162,000. The supporting documentation (Attachment 6B, page 1) states that this amount is "Based on prior year actual, unpredictable circumstances drive cost." Attachment 6E, page 12, provides actual data from 2006. Please provide the following:

- a. Please describe the general nature of the oil disposal services covered by this forecast item.

- b. Referring to part (a) above, are these oil disposal services annually recurring? Please explain.
- c. For calendar years 2004 and 2005, please provide comparable oil disposal services amounts.
- d. Please explain the statement that "unpredictable circumstances drive costs" specifically identifying the circumstances considered to be "unpredictable."
- e. Referring to part (d) above, how did the Company's forecasting technique eliminate or mitigate the "unpredictable circumstances" for purposes of quantifying the test year estimate? Please explain.

CA-IR-351

**Ref: MECO response to CA-IR-2 (T&D Non Labor Outside Services).**

Referring to Attachment 5, page 3, of the response to CA-IR-2, Item 112 is identified as DK RO Maui Dist Line UG Corrective Exp O/S in the amount of \$105,000. The supporting documentation (Attachment 6B, page 1) states that this amount is for "sidewalk and conduit repair for Direct bury UG cable by contractor typical sidewalk repair 4x8 & 4x10= \$648.82 to \$671.02." Attachment 6E, page 29, refers to an average cost of \$660 with 65% of cable faults direct buried with sidewalk repairs (about 162). Please provide the following:

- a. Does the "162" represent 65% of a larger cable fault number? Please explain and provide copies of supporting documentation.
- b. Referring to part (a) above, is the number of cable faults and the 65% factor based on prior year (e.g., 2006) experience or an average of prior years data? Please explain and provide supporting documentation.
- c. Did MECO use outside contractors in 2004, 2005 and 2006 to perform comparable sidewalk and conduit repair? Please explain.
- d. Please provide the amount paid to outside contractors in 2004, 2005 and 2006 to perform sidewalk and conduit repair, comparable to the \$105,000 included in the test year forecast.

**Witness T-7 Ms. Suzuki.**

CA-IR-352

**Ref: MECO Response to CA-IR-138, Attachment A (Uncollectibles).**

Please provide the following:

- a. Update Attachment A for all available months of additional data subsequent to April 2007.
- b. Explain any individually significant account write-offs within the updated months provided in your response to part (a) of this information request.

CA-IR-353

**Ref: MECO Response to CA-IR-138, part b; MECO-WP-711 (Improved Uncollectible Write-Off Experience).**

Please provide the following:

- a. The Company's response to CA-IR-138, part (b) does not appear to fully explain why the percentage write-off experience improved dramatically, starting in early 2004. Please provide additional explanations for why write-offs have been reduced from nearly 0.1 percent prior to July 2004 to about half that level since July 2004 (according to MECO-WP-711)
- b. State any known reasons why uncollectible write-offs can be expected to increase above current levels of about \$200,000 per year.

- c. Provide complete copies of all documents associated with or supportive of your response to part (b) of this information request.

CA-IR-354

**Ref: MECO Response to CA-IR-148, Attachment A (Customer Service Staffing).**

Please provide the following:

- a. Update Attachment A through all available months of 2007.
- b. Explain whether MECO has incurred any temporary contract labor expenses that were not included in the test year forecast as a result of vacancies that existed, relative to forecasted staffing assumptions.
- c. If your response to part (b) is that supplemental contract labor was required, explain each temporary supplemental staffing arrangement and provide the monthly costs by RA and activity where such costs were incurred in 2007.

CA-IR-355

**Ref: MECO Response to CA-IR-148, Attachment B (Customer Service Labor Hours).**

Please provide the following:

- a. 2007 projected monthly "Productive Hours" by RA and "Overtime Hours" by RA, in a format comparable to the information presented in MECO-704.

- b. 2007 actual monthly "Productive Hours" by RA and "Overtime Hours" by RA, for all available months of 2007 to-date, in a format comparable to MECO-704.
- c. Explain the reasons for each significant variance in year-to-date actual productive hours or overtime hours by RA, in relation to projected test year levels in MECO-704.

CA-IR-356

**Ref: MECO-WP-704, Updated April 2007 (Account 903 Expense Increases over 2006 actuals).**

According to updated MECO-WP-704, Account 903 Labor and Non-labor Expenses are projected to be 31.7% and 25.1% higher than 2006 actual expenses. Please provide the following:

- a. Provide a monthly test year 2007 Account 903 labor and non-labor expense projection, breaking out proposed expense levels for each month of 2007.
- b. Provide comparable monthly actual labor and non-labor 2007 expenses recorded in Account 903 for each month through August 2007.
- c. Explain the reasons for each individually significant variance in projected versus actual spending in each month, based upon your responses to parts (a) and (b) of this information request.



CA-IR-357

**Ref: MECO-WP-712, page 24 (Cost Support for Field Service Charges).**

Please explain the procedures employed and provide complete copies of all cost studies, workpapers and other documents supportive of the Company's proposed increased charges for each of the five listed field service elements.

**Witness T-8 Ms. Suzuki.**

CA-IR-358

**Ref: MECO T-8 June Update (DSM Employee Transfers).**

An adjustment was proposed by CA-T-1 in HECO Docket No. 2006-0386 to reclassify DSM program costs for IRP/DSM surcharge recovery to accommodate transition to non-utility administration. Please provide the following information with respect to application of this approach to MECO test year proposed expenses:

- a. Identify each of the employee positions, before and after the Company's June update, for which labor hours are charged wholly or partially to Account 186 surcharge recoverable accounts.
- b. For each of the positions identified in your response to part (a) of this information request, provide a breakdown of actual calendar year labor hours distribution by activity, before and after the Company's June update.
- c. For each of the positions identified in your response to part (a) of this information request, provide a breakdown of actual labor hours distribution by activity for each month of 2006 and 2007 to-date.
- d. Provide calculations supporting the adjustment that would be required to reclassify MECO's proposed base rate recovery of DSM labor and related on-costs to IRP/DSM surcharge

recovery in the manner proposed by the Consumer Advocate in the pending HECO rate case.

CA-IR-359

**Ref: MECO Responses to CA-IR-154 and CA-IR-250 (Non-labor expenses).**

Please provide the following information:

- a. Update Attachment A to include detailed non-labor expenses in the "YTD 2007" column through August 2007.
- b. Explain the causes for each individually significant variance in actual YTD 8/07 spending, relative to projected test year amounts.
- c. Update the narrative responses to CA-IR-250 to reconcile updated actual expense amounts to the explanations previously supplied.

CA-IR-360

**Ref: MECO Response to CA-IR-155, Attachment A; MECO-804 (Expense Comparisons).**

Please provide the following:

- a. An updated Attachment A inserting monthly 2007 data for all available months.
- b. An explanation of causes for significant deviations from projected test year levels in year-to-date actual spending.

CA-IR-361

**Ref: MECO Response to CA-IR-247, Attachment A (Customer Service Department Staffing).**

Please provide the following:

- a. Monthly actual staffing by RA and position within each RA for 2006 and 2007 to-date.
- b. Projected monthly test year staffing by RA and position within each RA.
- c. Explain the reasons for each difference between the staff counts included in the test year for each position and the actual monthly data provided in your responses to parts (a) versus (b) of this information request in 2007.

CA-IR-362

**Ref: MECO Response to CA-IR-294, Attachment A; MECO WP-812 (Incremental IRP Costs).**

Please provide the following information:

- a. Provide an updated calculation substituting July and August actual values in place of the "2007 Remaining" amounts shown in columns H and I.
- b. Provide an updated statement of MECO's best estimate of "2007 Remaining" amounts to replace columns J through N.
- c. Provide MECO's current estimate of expenses to be incurred in each line for budget year 2008.

**Witness T-9 Mr. Matsunaga.**

CA-IR-363

**Ref: MECO-927 & response to CA-IR-156, page 16 (Abandoned Project Costs).**

Page 16 of the response to CA-IR-156 provides an update of MECO-927 to include 2006 actual abandoned project amounts.

Please provide the following:

- a. For each year 2002 through 2006, please provide a detailed listing of the specific projects abandoned, showing NARUC account distribution.
- b. For each abandoned project identified in response to part (a) above greater than \$10,000, please provide a narrative description of the intended purpose and objective of undertaking each project, including copies of any related Project Identification Forms.
- c. For each abandoned project identified in response to part (a) above greater than \$10,000, please provide a narrative description of the facts and circumstance leading to the abandonment of each project.

CA-IR-364

**Ref: MECO-917 (EEI Lobbying Expenses).**

MECO-917 proposes the exclusion of 25% of the Company's EEI membership dues for regular activities and 70% of the SFA Industry Structure Assessment as estimated lobbying expense. Please provide the following:

- a. Please confirm that HECO's direct filing (see HECO-1304, page 5) in Docket No. 2006-0386 proposed the same 25%/70% lobbying exclusions set forth on MECO-917. If this cannot be confirmed, please explain.
- b. Please confirm that for settlement purposes in Docket No. 2006-0386 HECO proposed to increase the exclusion of EEI membership dues for regular activities from 25% to 40%, as set forth in the following table. If this cannot be confirmed, please explain.

<b><u>NARUC Operating Expense Category</u></b>	<b><u>Dues %</u></b>
Legislative Advocacy	20.39%
Legislative Policy Research	5.34%
Advertising	1.29%
Marketing	3.94%
Public Relations	8.81%
Total Excluded Expenses	<u>39.77%</u>

CA-IR-365

**Ref: MECO-918 & response to CA-IR-156 (Research & Development).**

MECO-918, as updated by the response to CA-IR-156 (page 14), compares the amount of R&D expense (Account 9302) included in the 2007 forecast test year with historical levels. Please provide the following:

- a. For each program listed on MECO-918 and any new R&D programs not identified on MECO-918, please provide actual monthly expenditures in 2007, by NARUC account.

- b. Referring to MECO-918 and the response to part (a) above, please provide a detailed description of each identified R&D program.
- c. According to MECO-918, the Company has included \$497,737 of R&D expense (including EPRI) in the 2007 rate case test year.
  - 1. Does this amount reflect all R&D program costs the Company has proposed to include in test year expense?
  - 2. If not, please provide the following:
    - (a) identify each additional R&D program;
    - (b) a detailed description of each program or provide a pinpoint reference to the portion of the MECO witness testimony that contains such description; and
    - (c) a listing of the related test year amount by R&D program (by NARUC account).

CA-IR-366

**Ref: MECO-918 & response to CA-IR-156 (Research & Development).**

Referring to the historical comparison of R&D program costs set forth on MECO-918, please provide the following:

- a. Please explain why total R&D expense (including EPRI dues) was negative during 2006.

- b. Please provide the amount of R&D expense recognized in the test year forecast in MECO's last rate case.
- c. In the event that the Commission were to allow ratemaking recovery of all (or part) of the \$497,737 R&D program expense set forth on MECO-918, would the Company commit to annually fund R&D programs in an amount at least equal to the amount allowed in rates during the effective period of the rates resulting from the pending rate case? If not, please explain.

CA-IR-367

**Ref: Ref: MECO-918 & response to CA-IR-2 (Research & Development).**

Referring to Attachment A (pages 5 and 10) of the response to CA-IR-2, MECO T-9 provides a listing of Direct Non-Labor amounts included in the 2007 test year forecast, with reference to additional supporting documentation. For the \$257,879 of non-EPRI R&D program costs set forth on Attachment A (Activity 731, Develop and Demonstrate New Technology), MECO T-9 refers to supporting information to be provided by MECO witnesses T-6 (\$255,379) and T-7 (\$2,500). Please provide the following:

- a. Please provide a pinpoint reference to the specific documentation supplied by MECO T-6 and MECO T-7 to support the 2007 test year forecast of R&D program costs



included in Account 9302. If no such workpapers have been supplied, please so state.

- b. Referring to the response to part (a) above, please provide forecast documentation for the non-EPRI R&D program costs.

CA-IR-368

**Ref: MECO-918 & response to CA-IR-265 (R&D Green Pricing Program & Sun Power for Schools).**

MECO's response to CA-IR-265 indicates that the 2007 test year forecast (MECO-918) inadvertently failed to reflect a credit or offset for estimated voluntary contributions expected to be received during the test year and that the Sun Power for Schools forecast should be reduced by \$8,000. Please provide the following:

- a. Please confirm this understanding. If this cannot be confirmed, please explain.
- b. Referring to MECO-918 (updated by the response provided to CA-IR-156, page 14), MECO has recorded "negative" R&D program costs for the Sun Power for Schools program in 2004, 2005 and 2006. Why is the expense amount negative for this program in these years? Please explain.
- c. Please provide MECO's total expenditures, before credits or offsets, for the Sun Power for Schools program for each year during the period 2001-2006.

- d. Based on the historical information set forth on MECO-918, please provide a detailed explanation supporting MECO's proposal to recover from ratepayers significantly more costs for the Sun Power for Schools program via the 2007 test year forecast than in all years during the 2001-2006.

CA-IR-369

**Ref: MECO T-9 response to CA-IR-2 (A&G Nonlabor Forecast).**

Referring to Attachment A, multiple line items refer to MECO witnesses T-6 or T-7 for additional documentation supporting the 2007 test year forecast amounts. It is not clear whether and how such amounts have been provided to the Consumer Advocate in the referenced witness' workpaper documentation or in response to Consumer Advocate information requests. Please provide the following:

- a. For each reference to MECO T-6 or T-7 in Attachment A, please provide a pinpoint reference to the source of the supporting documentation previously supplied to the Consumer Advocate. If none, please so state.
- b. For each item that the response to part (a) above fails to provide a pinpoint reference to supporting documentation previously supplied to the Consumer Advocate by MECO T-6 or T-7, please provide the missing forecast workpapers.

CA-IR-370

**Ref: MECO T-9 response to CA-IR-2 (A&G NonLabor-Vehicles).**

Referring to Attachment A, page 6, of the response to CA-IR-2, Item 202 refers to supporting documentation (Attachment R, page 72) which identifies the forecast amount of \$22,439 as Medium Vehicle (MSA-753). The forecast amount is based on 1,984 operating hours for one vehicle at an hourly rate of \$11.31. Please provide the following:

- a. Please identify the make, model and year of this vehicle.
- b. Is this vehicle leased or MECO owned?
- c. How was the hourly rate of \$11.31 determined?
- d. Does this hourly rate represent repair and maintenance costs, operating costs or lease/ ownership cost responsibility apportionment? Please explain.
- e. Please describe MECO's accounting for such costs.

CA-IR-371

**Ref: MECO T-9 response to CA-IR-2 (Ellipse/Mincom Amortization).**

Referring to Attachment A, page 1, of the response to CA-IR-2, Item 1 refers to supporting documentation (Attachment B) which sets forth MECO's the forecast of Ellipse Maintenance costs in the amount of \$61,066. This amount includes nine months of amortization of a Relicensing Fee (buy-down fee) scheduled to expire in September 2007. Please provide the following:

- a. Please confirm that above amounts includes MECO's 15% share of a total monthly amortization of \$17,187 that will expire in September 2007. If this cannot be confirmed, please explain.
- b. Please confirm that this amortization is related to two payments of \$550,000 made by HECO in June 2004 and January 2005 to Mincom – HECO's Ellipse software vendor. If this cannot be confirmed, please explain.
- c. Please confirm that these payments (buy-down fees) entitled HECO to reduce future software maintenance costs pursuant to Amendment No. 17 to the Mincom software license agreement. If this cannot be confirmed, please explain.
- d. Has any portion of this amortization been explicitly considered in determining overall revenue requirement for MECO? Please explain.
- e. Please confirm that 100% of MECO's share of the Ellipse maintenance costs (i.e., \$61,066) set forth on Attachment B of the response to CA-IR-2 is charged to NARUC Account 923. If this cannot be confirmed, please provide the distribution of this amount by NARUC account.

**Ref: MECO T-9 response to CA-IR-2 (Ho'omaika'i Costs).**

Referring to Attachment A, page 1, of the response to CA-IR-2, Item 2 refers to supporting documentation (Attachment C) which sets forth MECO's the forecast of Ho'omaika'i Costs in the amount of \$93,650. This amount includes Ho'okina Awards costs that were eliminated by MECO T-9 in the June 2007 Update because the program was terminated. Please provide the following:

- a. Please provide a summary of any written documentation describing the goals, objectives and purpose of the Ho'omaika'i Awards Banquet, including any documentation distributed to employees.
- b. Please provide a summary of any written documentation describing the goals, objectives and purpose of the Process Area Team Awards, including any documentation distributed to employees.
- c. Please identify and describe any conditions or employee eligibility criteria under which awards or participation may or may not be granted under either of the awards identified in parts (a) and (b) above.
- d. *Please clarify whether either of the awards identified in parts (a) and (b) above involve any forms of monetary compensation to the individual employee.*

e. Please provide the actual costs incurred by MECO in 2004, 2005 and 2006 (by NARUC account) for each of the following:

1. Ho'omaika'i Awards Banquet
2. Process Area Team Awards

CA-IR-373

**Ref: MECO T-9, page 21, & MECO-908 (Allocations to Molokai and Lanai).**

The referenced documents describe the allocation of certain A&G expenses to Molokai and Lanai based on the number of customers on Maui, Molokai (4.8%) and Lanai (2.45%). Please provide the following:

- a. Please identify all NARUC accounts (not limited to A&G accounts) which are allocated, at least in part, to Molokai and Lanai.
- b. Regarding the accounts provided in response to part (a) above, are all allocations based on forecasted customer numbers?
  1. If so, are the Molokai (4.8%) and Lanai (2.45%) allocation factors used for all accounts? Please explain.
  2. If not, please identify the allocation basis, provide the allocation factors and show how such factors were calculated for each account.

CA-IR-374

**Ref: MECO-909 & MECO T-9 response to CA-IR-2 (Outside Services - Legal).**

MECO-909 provides a historical comparison of outside service legal fees with the 2006 budget and 2007 rate case test year.

Please provide the following:

- a. Please provide an update MECO-909 showing 2006 actual amounts in a comparable format.
- b. Attachment O, page 4, of the response to CA-IR-2 shows how the legal amounts were determined for the first two items (Activities 618 and 738). However, the basis and method of forecasting the remaining three items (Activities 765, 928 and 960) is unclear, as the forecast support was not located in the response to CA-IR-2. Please provide a copy of additional documentation showing how these amounts were determined.

CA-IR-375

**Ref: MECO-910 & MECO T-9 response to CA-IR-2 (Outside Services - Other).**

A footnote on MECO-910 indicates that certain fees paid to KPMG were erroneously charged to Account 921 during calendar years 2004, 2005 and 2006 and erroneously forecasted to Account 921 for 2006 as well. Please provide the following:

- a. Please provide an update to MECO-910 showing 2006 actual amounts in a comparable format.

- b. Please confirm that the amounts set forth on MECO-910 are too low because of the erroneous charges to Account 921. If this cannot be confirmed, please explain.
- c. Please isolate the amounts that were improperly charged to Account 921 in calendar years 2004, 2005 and 2006 to enable a reasonable comparison to MECO's 2007 test year forecast.
- d. Referring to Attachment O, page 3, of the response to CA-IR-2, please explain how these "outside services-other" amounts pertaining to the Accounting Department and forecast to Account 921 do or do not relate to the forecast amounts set forth on MECO-910.
- e. Referring to part (d) above, the basis and method of forecasting the 2007 test year amount of \$88,080 for KPMG fees is unclear, as additional forecast support was not located in the response to CA-IR-2. Please provide a copy of additional documentation showing how this amount was determined.



**Witness T-13 Mr. Okada.**

CA-IR-376

**Ref: MECO-WP-1502; Responses to CA-IR-180 and CA-IR-260 (Section 199 Deduction).**

Please provide the following:

- a. Confirm that the response to CA-IR-180, page 2 contains the most current Section 199 deduction value or provide an updated test year calculation of QPAI and related DPAD deduction at 6% 2007 rate.
- b. Provide a complete copy of the actual deduction to be taken on the 2006 filed tax return for MECO.
- c. Explain each difference in methodology employed in your response to part (a) of this information request, in contrast to part (b), if any.

CA-IR-377

**Ref: MECO June Update T-13, page 2 (CWIP Related Accumulated Deferred Income Taxes).**

According to the response, "Note that in HECO Docket No. 2006-0386, the CA did not agree with the position reflected in items 1) and 2) above, dealing with the revisions to deferred taxes related to AFUDC in CWIP and related to TCI. HECO is in the process of proposing a settlement to these issues and, depending on the outcome, MECO's position may change in concert with HECO's settlement." Please provide the following:

- a. State whether MECO's position has changed as a result of HECO's settlement.
- b. If your response to part (a) of this information request is negative, please state and explain all reasons why the resolution of this issue for HECO should not also be applied for MECO.
- c. If your response to part (a) of this information request is affirmative, please provide the revised amounts for the Attachments to MECO T-13 update that should be applied to reflect MECO's revised position.

CA-IR-378

**Ref: MECO Response to CA-IR-182, part d.6. (IRP/DSM Costs).**

Please provide the following information:

- a. Explain why the accumulated deferred income tax balance for this item is consistently a large credit, implying that MECO has persistently under-recovered incurred costs through the surcharge tariff.
- b. Provide the Company's best estimate of when (or whether) accumulated deferred income taxes for IRP/DSM costs are expected to reverse or become a debit deferred tax balance.
- c. Confirm that these deferred tax balances were included in rate base in prior rate cases, but that MECO proposes a different treatment in this Docket.

- d. According to the response to CA-IR-182, part d.6., "Interest, based on the current allowed rate of return, is calculated on the balance of any over- or under-recovery. The over- or under- recovery and calculated interest are then included in the IRP Cost Recovery Provision in the following year." Please explain whether this interest provision is calculated based on the pretax book amount of any over- or under-recovery; or whether such amounts are reduced by related accumulated deferred taxes in calculating "Interest, based on the current allowed rate of return...."

CA-IR-379

**Ref: MECO Response to CA-IR-182, part d.9. (Emission Fees Accrued).**

Please provide the following information:

- a. Explain why the deferred tax debit balance is expected to nearly double during the 2007 test year and provide calculations supporting this estimate.
- b. According to the response to CA-IR-182 d.9., "Emission fees are included in rate base within the production O&M non labor expense component of working cash." Please identify where accrued but unpaid emission fees were specifically included within the lead lag study calculations and further explain how such accruals are considered.

- c. How much lower would the O&M non-labor expense payment lag have been if not for the inclusion of accrued emission fees?
- d. State whether this deferred tax timing difference existed in prior MECO rate cases and explain whether accumulated deferred tax balances were included in, or excluded from rate base.

CA-IR-380

**Ref: MECO T-13 June Update, page 1 (Income Taxes).**

Please provide the following:

- a. Updated test year estimated interest expense calculations comparable to the information provided on MECO-WP-1302, page 3.
- b. Supporting workpapers for the amounts shown in your response to part (a) of this information request.
- c. Confirm that MECO's proposed capital structure (MECO-1701) is not large enough to support MECO's asserted updated rate base (MECO-1501) and explain how this mismatch can produce a reasonable estimate of tax deductible interest for ratemaking purposes.
- d. Provide the monthly amounts of short term debt that were projected for the test year in determining the interest deduction for income tax purposes.

- e. Provide a comparable monthly statement of actual short term debt balances for all available months of the test year.
- f. Provide the monthly amounts of short term debt interest expense that were projected for the test year in determining the interest deduction for income tax purposes.
- g. Provide a comparable monthly statement of actual short term debt interest expense for all available months of the test year.

CA-IR-381

**Ref: MECO T-13, pages 23-27 (Simplified Service Cost Method).**

Please provide the following:

- a. Explain any new or updated information regarding the discussion contained in Mr. Okada's testimony.
- b. Provide calculations of any benefits to be realized by MECO as a result of changed circumstances not reflected in the Company's filing.

**Witness T-18 Mr. Young.**

CA-IR-382

**Ref: MECO T-18, page 80; MECO-1810 (Molokai G Customer Charge).**

Please provide the following:

- a. Calculations associated with the statement, "The proposed customer charges are designed to recover about 90% of the Schedule G customer cost of service, which is about the same level from the final rate design in MECO's test year 1999 rate case."
- b. At MECO-1810, page 3, Schedule G monthly Unit Customer Cost is set forth at \$21.92. How does this value relate to the statement in part (a) of this information request and to proposed Schedule G customer charges for Molokai?
- c. For what known reasons are Molokai unit customer costs lower than on Maui and Lanai?

CA-IR-383

**Ref: MECO T-18, pages 19, 23, 26, etc. (Supply Voltage Rate Adjustments).**

Throughout his testimony, Mr. Young references changes to existing supply voltage rate discount percentages, by reference to, "the system loss analysis prepared by MECO's Transmission Planning Division in this case." Please provide the following:

- a. A summary chart of present and proposed voltage discount percentages for each relevant Maui, Lanai and Molokai rate schedule.
- b. Copies of, or pinpoint reference to the referenced system loss analysis where the voltage discounts are derived.
- c. Intermediate or translation calculations performed to derive the proposed voltage discount percentages for each rate, as necessary.

CA-IR-384

**Ref: MECO Response to CA-IR-302 (Schedule P Customer Charge and Cost Differentials).**

Please provide the following:

- a. Explain all known reasons why Schedule P unit customer costs at Lanai Division and Molokai Division are so much lower, according to MECO-1808 and MECO-1810 than unit customer costs calculated for Maui Division.
- b. Are there service territory, quality of service or other issues that explain why calculated unit customer costs for the Maui Division should reasonably be more than 10 times (MECO-1808 page 1 versus page 3) the comparable costs incurred per customer to provide Schedule P service on Molokai?

- c. Please provide complete copies of all studies, reports, analyses and other documents associated with your responses to parts (a) and (b) of this information request.

CA-IR-385

**Ref: MECO T-18, page 88 (Molokai Schedule N "night" service).**

Please provide the following:

- a. State and explain the extent to which service under Schedule N is believed to be cost-based, with reference to specific schedules reflecting cost of service results relied upon in explaining your response.
- b. For what reasons is Schedule N proposed to be closed to new customers in this Docket?
- c. Does MECO separately meter Schedule N service and discontinue such service between the hours of 6 am and 10 pm daily, requiring daytime service to be pursuant to Schedule P or some other rate?

CA-IR-386

**Ref: MECO T-18, page 40 (TOU Rate Customer Charges).**

Please provide the following:

- a. Explain the reasons why MECO is proposing no additional customer charge for Schedule R and Schedule G TOU rate customers (relative to the underlying sales rate), but has



proposed additional monthly customer charges for Schedule J and Schedule P TOU rate customers.

- b. If any cost of service rationale is cited in your response to part (a) of this information request, please provide pinpoint citation into the cost information being relied upon and/or complete copies of same.

CA-IR-387

**Ref: MECO Response to CA-IR-34 Tariffs (Power Factor).**

Please provide the following:

- a. Explain why different power factor base values (for example 85% Schedule J on Lanai, 90% Schedule J on Molokai) and different power factor rate adjustment values (for example 0.10% for Lanai TOU-P versus 0.15% for Lanai TOU-J) are being employed within present and proposed rates.
- b. Has the Company relied upon any cost support for its proposed power factor rate adjustment values?
- c. If your response to part (b) of this information request is affirmative, please describe and provide complete copies of all such supporting data.
- d. Please explain the status of the pending HECO power factor study (see HECO Response to CA-IR-169 in Docket No. 2006-0386) and describe whether the results of that study suggest any changes that should be made for MECO

with regard to power factor correction costs and charges/credits.

**Witness T-19 Mr. Hee**

CA-IR-388

**Ref: MECO T-19, page 19 (Smart Meters).**

Please provide the following:

- a. Explain the current status of HECO work described by Mr. Hee, including a statement of conclusions reached and deployment planning decisions at HECO with respect to metering and information network infrastructure issues.
- b. Given your response to part (a) of this information request, how will MECO be impacted or benefited by HECO efforts and smart metering deployment plans? Provide a detailed statement of the most detailed available TOU metering deployment plans for MECO.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S FIFTH SUBMISSION OF INFORMATION REQUESTS** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

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Counsel for Maui Electric Company, Limited

DATED: Honolulu, Hawaii, September 5, 2007.

  
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